



Advising the Congress on Medicare issues

Primer: Medicare entitlement based on disability

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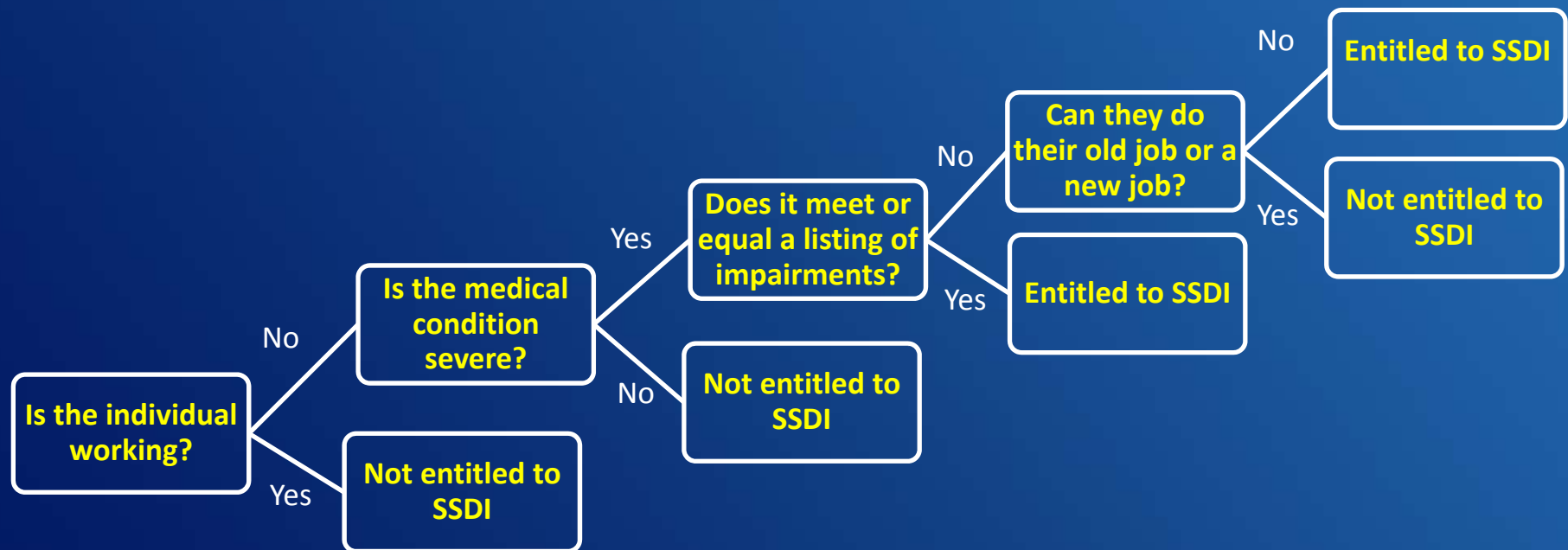
Disabled beneficiaries—an overview

- 9 million Medicare beneficiaries under age 65 are entitled based on disability
 - After 24 months of Social Security Disability Insurance (SSDI), automatically eligible for Medicare
- Growing share of the Medicare population
 - 10% in 1980 to 17% today
- Different demographic profile than aged beneficiaries
 - More likely to be non-white
 - More likely to be male
 - Just under half (43%) are dually-entitled to Medicaid

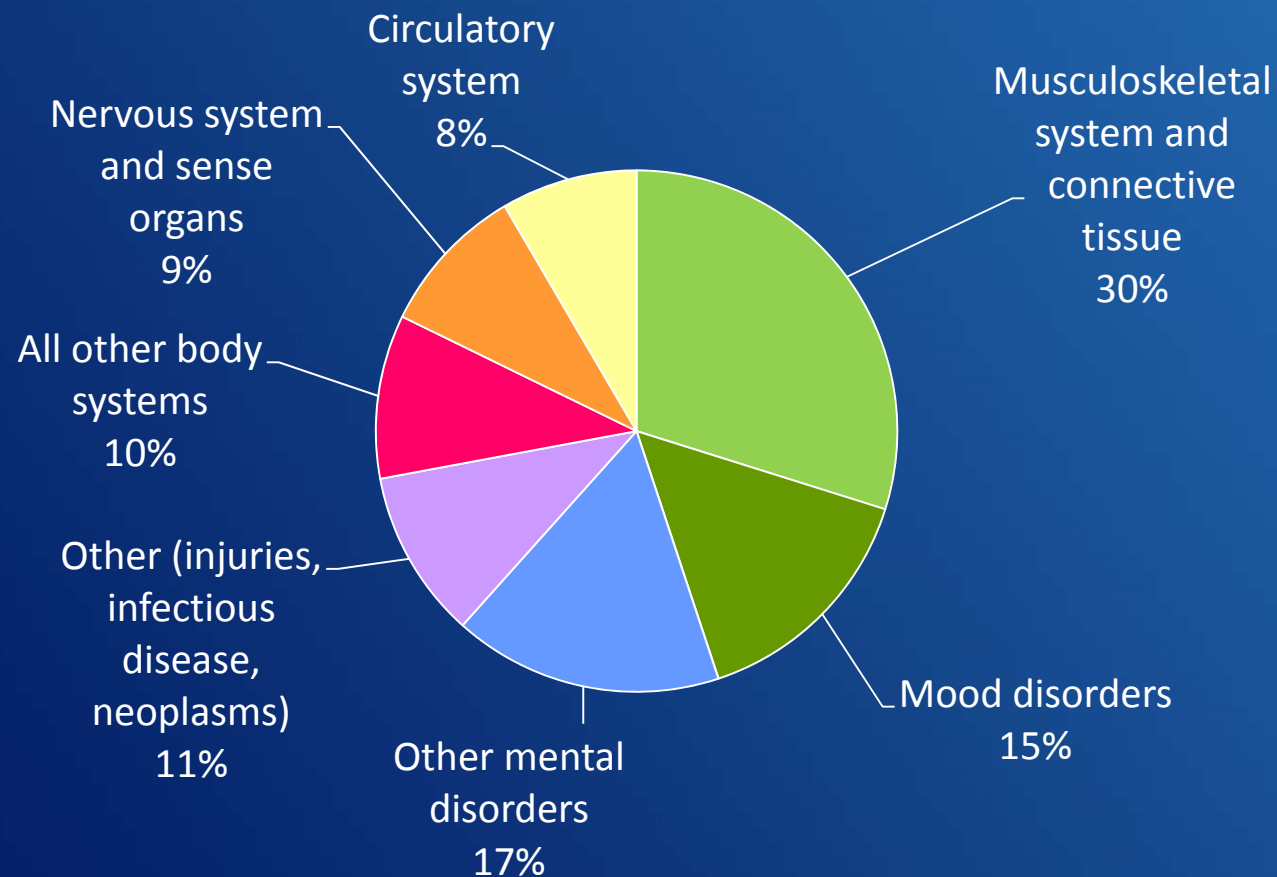
Social Security Disability Insurance: Overview

- Benefit available to insured workers
 - Sufficient work history
 - Cannot currently be working
- Average SSDI benefit: \$12,000 a year
- Less than 10% of beneficiaries leaving SSDI in 2012 returned to work or medically recovered
- Program funded by payroll taxes
- Disability assessment is based on medical factors and ability to work

Social Security Disability Insurance: Disability determination

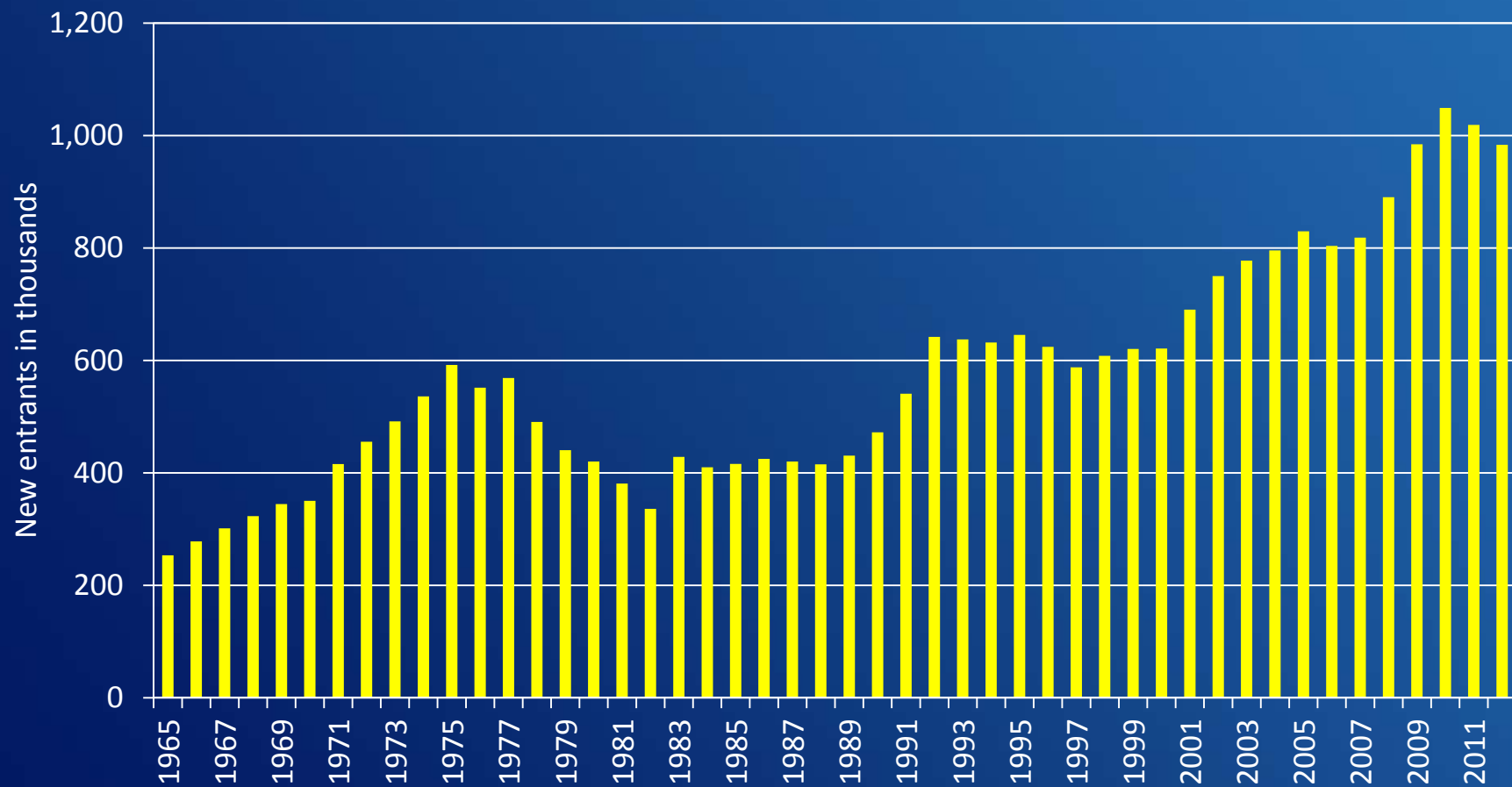


Social Security Disability Insurance: Disabling condition



Source: Social Security Administration, 2012

Rise in new SSDI beneficiaries



Source: Social Security Administration, 2012

Understanding the rise in SSDI enrollment

- Demographics
- Labor market for low-wage workers, including recent recession
- Policy changes and administrative procedure
 - 1984 reforms: consideration of multiple impairments, pain
- Changes in underlying disability among the working-age population does not appear to play a significant role

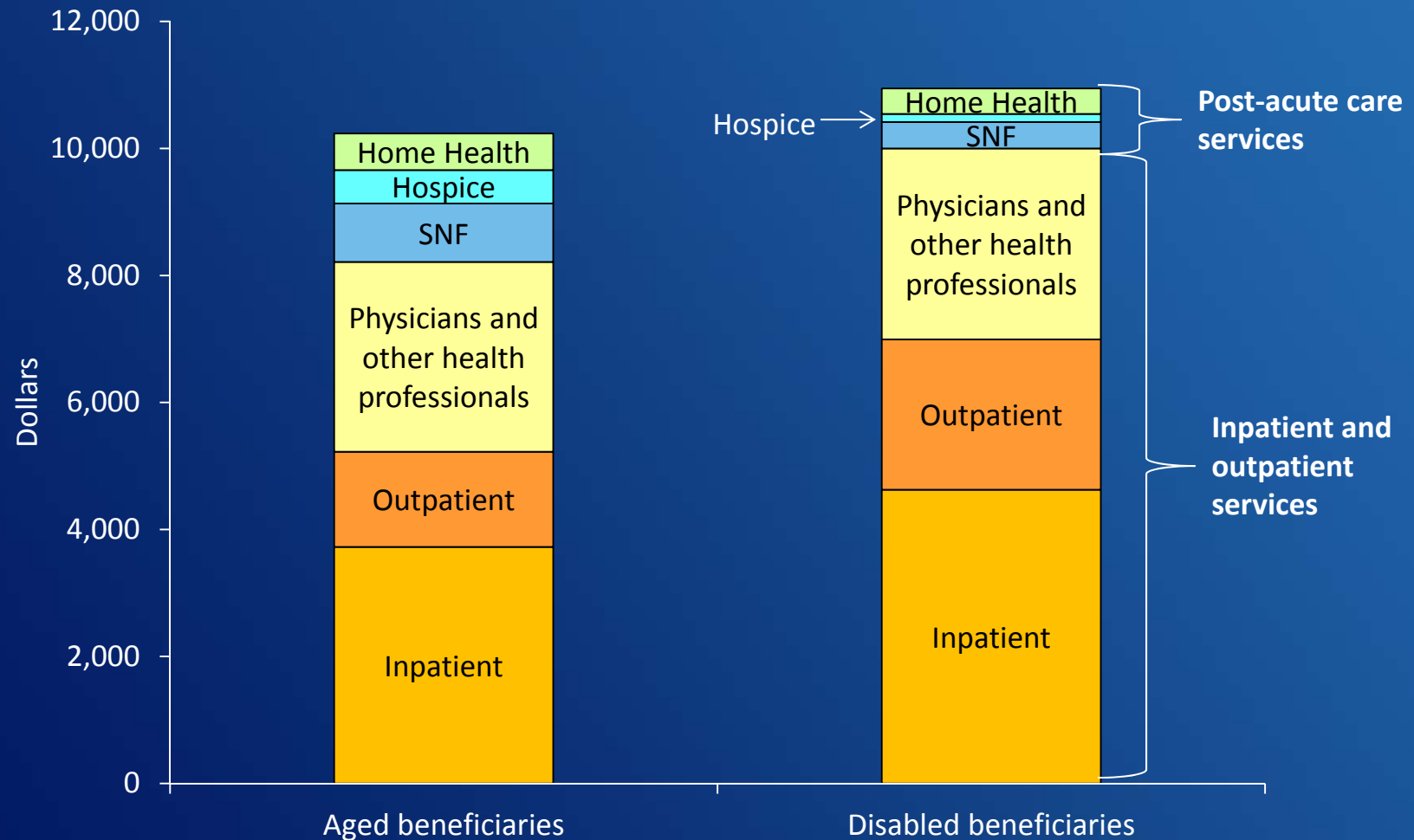
Social Security Disability Insurance: Policy considerations

- Groups have identified policy issues
 - Social Security Advisory Board, GAO, SSA IG, CBO, CRS, Federal Reserve, Institute of Medicine
- Policy issues
 - Administrative complexity of the disability determination process
 - Subjectivity of disability determination process and variable outcomes
 - Incentive to permanently exit the workforce, lack of supports to return to work
 - Financial outlook (current SSDI trust fund exhaustion date=2016)

Medicare: Disabled beneficiary overview

- Access to care
 - Disabled beneficiaries report higher rates of trouble accessing care, more likely to delay care due to cost
 - Differences appear to persist even when supplemental coverage is not a factor
- Presence of other coverage
 - Lower rates of private or employer supplemental coverage
 - Higher Medicaid coverage
 - 23% of beneficiaries age 45-64 have FFS Medicare only
- Spending
 - Total spending is similar
 - Different mix of services

Medicare: Per-beneficiary spending is comparable, but type of service varies



Medicare: Mental health services may raise special concerns

- Disabled beneficiaries report rates of depression that are twice as high as aged beneficiaries
- Access to psychiatrists has been identified as a concern among beneficiaries
 - Mental health services are also delivered by other providers—e.g., social workers, psychologists
- Psychiatrists less likely to take all forms of insurance, including Medicare
- In 2014, Medicare's coinsurance for outpatient mental health services is 20%, down from 50% historically

Summary

- Potential areas of future work
 - Disaggregating spending and utilization
 - Understanding the role of medical and vocational factors in disability determination
 - Mental health needs and utilization
- Implications for Medicare policy
 - Changing characteristics of disabled Medicare beneficiaries
 - Benefit redesign and payment policies